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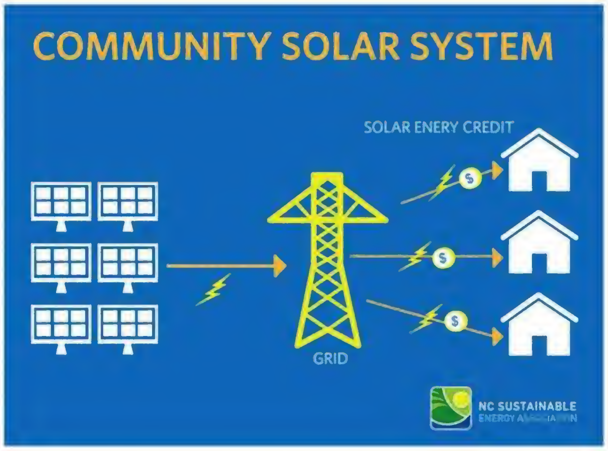
CLEAN ENERGY

INSIGHTS

January 2018

The Current State of Community Solar in North Carolina



At NCSEA, we are extremely proud of the fact that North Carolina is ranked second in the nation for total installed solar PV capacity. However, for many North Carolina renters or homeowners who don't have the necessary sunny sight conditions or the upfront cash, the prospect of "going solar" seems out of reach.

Thankfully, over the past few years a new model for solar development and ownership has emerged that could make solar more directly accessible to all. Often called "community" or "shared solar," this model of solar development can allow North Carolinians to jointly own a solar facility or subscribe to a portion of a facility through their utility. This model allows individuals, families, and businesses to directly participate in North Carolina's national solar success story regardless of individual site conditions, home ownership status, or income level.

In North Carolina, as in most states, community solar systems are either owned and developed by utilities

or directly owned by a group of neighbors or customers. Currently, there are only a few community solar facilities where a group of neighbors have gotten together to form LLCs to develop small solar facilities and then share the revenue generated. Since North Carolina does not allow for third party sales of electricity, the electricity produced by these systems cannot be directly sold to members or investors of these types of systems.

Right now, eleven electric membership cooperatives in North Carolina have taken the lead in developing utility-owned community solar systems for their member customers. Most of these systems allow members to pay a per-panel subscription fee up to a certain amount of panels. In exchange, these customers are given either a fixed or variable credit on their electricity bills for the amount of energy these panels produced. Since North Carolina does not have any laws requiring virtual net metering for cooperatives or investor-owned utilities, these bill credits are nearly always based on the utility's avoided cost of energy as opposed to a credit calculated at the full retail rate of electricity (in other words, the per kWh credits are less than the per kWh price customers pay for their electricity consumption).

House Bill 589 will soon require Duke Energy Carolinas (DEC) and Duke Energy Progress (DEP) to offer at least 20 MW of community solar in each of their territories (for a total of 40 MW). Once these programs are operational, DEC and DEP customers in counties with or adjacent to these utility-owned community solar facilities will be able to purchase 200 watt subscriptions. Similar to the community solar offerings of the electric cooperatives, these Duke Energy community solar systems will give subscribers bill credits based on the utilities' avoided cost of energy. On December 19, 2017, the North Carolina Utilities Commission established the rules for the DEC and DEP community solar programs and directed the utilities to file initial program plans by this coming Tuesday, January 23rd.

NCSEA will keep our members informed about the development of these new utility-owned community solar offerings while continuing to advocate for other models and varieties of community/shared solar across the state.

NCSEA Report on NC Clean Energy Consumers' Experiences Coming Next Week

NCSEA will release our Consumer Adopter Survey next week. This report, and the survey on which it was based, focuses on the perceptions and experiences of independent consumers of clean energy technologies in North Carolina. This latest iteration of the report is an attempt to update the data from a 2013 UNC-NCSEA survey and provide a better understanding of the motivations, characteristics and experiences of retail clean energy customers. Stay tuned!

HB 589 Implementation: Jan. 23 Deadline for Solar Rebates and Green Source Rider Plans

As a reminder, House Bill 589 requires Duke Energy Carolinas and Duke Energy Progress to file for a renewable energy procurement program similar to Duke Energy Carolinas' old Green Source rider program and also implement a new solar rebates program. Both plans for these programs are due to the NCUC next Tuesday, January 23. Once approved, these programs will provide business, non-profit and residential customers with new clean energy options. Following discussion around the need for a new rebates program over the past couple of years, NCSEA worked directly with the utility in late 2017 to make sure some of the specifics of the rebates plan met the needs of our members and those of potential

customers who take advantage of the rebates. We are also keeping a close eye on the Green Source rider plan to encourage participation from business customers. Stay tuned to our bi-weekly business member calls for timely updates on both programs.

Did You Know About the VW Settlement Funds & Its Application for EV Infrastructure?

NCSEA has led the Electric Vehicle and Charging Infrastructure Working Group the past 10 months with several goals, one of which is to ensure that Volkswagen (VW) settlement funds are used efficiently and effectively. As part of the settlement, up to 15% of the funds can be used for EV charging station infrastructure. As such, the Working Group wrote a letter to Governor Cooper on the issue with the signatories of all the active organizations of the group including Duke Energy, Southern Alliance for Clean Energy, the Electrification Coalition, EVgo, the NC Clean Energy Technology Center, ChargePoint, Advanced Energy, Sierra Club and Brightfield.

Background
In October 2016, the U.S. government gave approval for a $14.7 billion settlement against VW for intentionally equipping 500,000 of its diesel vehicles with devices that would knowingly fail to meet federal Clean Air Act vehicle emissions standards. Volkswagen will spend $10 billion on vehicle buybacks and $4.7 billion to mitigate the pollution from these cars and invest in green vehicle technology. Of the $4.7 billion, $2 billion will be spent on national zero emission vehicle investments, and $2.7 billion will be used to establish an Environmental Mitigation Trust, which states – including North Carolina – can use to invest in transportation projects that will reduce NOx emissions.

North Carolina's Share
Last fall, Governor Cooper named the N.C. Department of Environmental Quality (NC DEQ) as the lead agency to manage North Carolina's $92 million share of the VW Environmental Mitigation Trust. The $92 million can be spent over 10 years on replacements for specific types of vehicles such as heavy duty diesel powered trucks, schools and transit buses, railroad locomotives and passenger ferries. Up to 15 percent of the total $92 million funding can also be used to expand infrastructure, such as charging stations, that supports the use of EVs.

Public Input & Working Group Influence
In late November 2017, NC DEQ asked citizens (through a Request for Information or "RFI") how to spend the VW settlement dollars, including what projects should be prioritized and the process for allocating the funds. A total of 869 comments were received and 679 or 78 percent of those comments encouraged NC DEQ to dedicate the full 15 percent of eligible funding for EV infrastructure. It is no surprise that more than three quarters of the public comments under the RFI agreed with the Working Group consensus that 15 percent of VW settlement funds go toward EV infrastructure. In order to satisfy the needs of electric vehicle owners and further increase the adoption of EVs, there is demand for charging stations that are fast and convenient.

Going forward, NC DEQ will summarize the public comments, develop a draft VW mitigation plan with

anticipated release by April or May of this year. NCSEA is looking forward to supporting and participating in this work. A full report on the EV infrastructure issue will be forthcoming at the February 21st North Carolina Energy Policy Council meeting.

Duke Energy Rate Cases: Recap and Preview

The Duke Energy Progress (DEP) rate case is winding down as NCSEA's regulatory team prepares for the Duke Energy Carolinas (DEC) rate case, gearing up this month. Last Friday, NCSEA submitted our proposed order in the DEP case, following months of engagement which was capped off by the early December evidentiary hearing in Raleigh. (Click here for a refresher on our takeaways from the DEP hearing, as featured in last month's Insights.) The NC Utilities Commission is expected to rule on Duke Energy Progress's rate proposals in February.

With the DEP rate case behind us for the time being, the NCSEA team is focused on championing clean energy business and customer needs in the DEC rate case this and next month. We will file our testimony in the coming days in preparation for the evidentiary hearing slated to begin on February 19. You can read more about the hearings schedule here and stay tuned to our bi-weekly business member calls for updates as we have them.

Boost Your Knowledge of Clean Energy Legal Issues in the Southeast

The 2018 Clean Energy Project Development in NC, VA, SC, & Georgia is just under three weeks away!

This day-long continuing legal education program (CLE), held at the City Club in Raleigh, will focus on the mechanics of renewable energy for attorneys and business professionals by examining timely subjects in each of these four states. The CLE will also include a discussion of federal clean energy topics within the NC Department of Energy and the Federal Energy Regulatory Commission.

There are just 59 spots left, and registration WILL sell out. Download the agenda and register here to reserve your spot at this year's event!

All attendees will receive 6 general CLE credits.

Insights Newsletter click here.